

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-06 FRB-01

INR-07 NSAE-00 RSC-01 TRSE-00 XMB-04 OPIC-06 SP-02

CIEP-02 LAB-03 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 INT-05 PA-02 PRS-01 USIA-15 /100 W

----- 041851

R 081505Z NOV 74

FM AMEMBASSY ATHENS

TO SECSTATE WAHDC 6205

USDOC WASDC

INFO AMCONSUL THESSALONIKI

UNCLAS ATHENS 8069

EO 11652 NA

TAGS: EIND, EINV, EMIN, ETRD, BMEP, GR

SUBJ: NEW MAJOR INVESTMENT PROJECTS ANNOUNCED.

REF: (A) ATHENS 4521; (B) ATHENS 7975; (C) ATHENS 1754

1. COORDINATION AND PLANNING MINISTER ZOLOTAS ANNOUNCED
YESTERDAY TWO MAJOR EXPORT-ORIENTED INDUSTRIAL PROJECTS
INVOLVING A TOTAL INVESTMENT OF 535 MILLION DOLLARS

2. FIRST, 335 MILLION DOLS BY GREEK SHIPOWNER ARISTOMENIS
KARAGEORGIS TO ESTABLISH 500,000-TON/YEAR CAPACITY STEEL MILL IN
PELOPONNESUS AT GOG SELECTED SITE. (PROVISION INCLUDED FOR
EVENTUAL EXPANSION CAPACITY TO 2 MILLION TONS.) GOG-KARAGEORGIS
AGREEMENT SIGNED NOV 6. ELECTRIC ARC FURNACES OF PLANT TO BE
FED WITH IMPORTED FERROUS METAL AGGLOMERATE AND SCRAP IRON.
PLANT TO PRODUCE ANNUALLY, AT INITIAL STAGE 200,000 TONS STEEL
PIPE (OVER 10CM. DIAMETR) AND 300,000TONS OF STEEL SHEETS,
SHPBUILDING PLATE AND OTHER STEEL PRODUCTS. ENRIRE OUTPUT
SLATED FOR EXPORT EXCEPT SHIPBUIDLING PLATE AND PRODUCTS TO MEET
OCCASIONAL LOCAL SUPPLY SHORTFALLS. COMPLETION OF PROJECT
SCHEDULED IN NEXT 30 MONTHS. EQUITY TO BE 100 PERCENT GREEK.
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FINANCING TO BE ACCOMPLISHED WITH IMPORTED FUNDS UNDER FOREIGN INVEST

MENT LAW 2687, ALTHOUGHT GOG RESERVES RIGHT TO CHANNEL IN FUNDS FROM LOCAL SOURCES. KAISER ENGINEERS TO ACT AS TECHNICAL CONSULTANTS TO KARAGEORGIS.

3. SECOND 200 MILLION DOLS BY GREEK FIRM BAUXITES PARNASSE SA (MAJOR BAUXITE PRODUCER AND EXPORTER) IN COOPERATION WITH THE CHASE MANHATTAN BANK AND THE US FIRMS NATIONAL STEEL AND SOUTHWIRE TO ESTABLISH A 600,000 TONS/YEAR ALUMINA PLANT, WITH PROVISION FOR DOUBLING CAPACITY AT A LATER STAGE. AGREEMENT BETWEEN GOG AND INVESTORS EXPECTED TO BE SIGNED VERY SOON. PLANT WILL BE ESTABLISHED IN THE VICINITY OF BAUXITES PARNASSE'S MINES IN THE PARNASSOS AREA. SIXTY PERCENT OF INVESTMENT WILL COME FROM FOREIGN SOURCES, BUT GREEK CORPORATION TO OWN AND OPERATE PROJECT WITH BAUXITES PARNASSE HOLDING 51 PERCENT EQUITY AND BALANCE BY CHASE MANHATTAN, NATIONAL STEEL AND SOUTHWIRE (THE TWO US FIRMS WILL ALSO BE END-USERS OF PLANT'S OUTPUT). ZOLOTAS STATED THAT BAUXITE DEPOSITS ARE ADEQUATE TO SUPPORT EXISTING ALUMINUM PRODUCTION FACILITIES, THE CONTINUATION OF BAUXITE EXPORTS, ESTABLISHMENT OF THIS PROJECT AS WELL AS SECOND ALUMINA PROJECT SUGGESTED BY NATIONAL BANK OF GREECE (EE REF B). BAUXITES PARNASSE OFFICIALS INDICATE FEASIBILITY STUDY FOR PLANT WILL BE CARRIED OUT BY HUNGARIAN INTEREST. (SEE REF C FOR BACKGROUND INFORMATION).

4. MINISTER ZOLOTAS COMMENTING ON PROJECTS STRESSED IMPORTANT ROLE OF PRODUCTIVE INVESTMENT IN PROMOTING SOUND LONG-TERM ECONOMIC AND SOCIAL DEVELOPMENT AND ENSURING MONETARY EQUILIBRIUM. HE ALSO EMPHASIZED FOLLOWING CHARACTERISTIC FEATURES OF BOTH PROJECTS

(A) OWNERSHIP AND CONTROL BY GREEK INTERESTS (B) EXPORT-ORIENTED OPERATIONS, (C) SUBSTANTIAL FOREIGN CAPITAL AND TECHNICAL CONTRIBUTION AT FAVORABLE TERMS, (D) LARGE INITIAL SIZE AND PROSPECTIVE FUTURE EXPANSION, AND (E) ANTICIPATED ESTABLISHMENT OF SATELLITE INDUSTRIES. ZOLOTAS ALSO POINTED OUT THAT IT IS ONLY WITH INVESTMENT PROJECTS OF THIS KIND THAT GREECE'S COMPETITIVE POSITION ON WORLD MARKET MAY BE ENHANCED AND "PRESENT WEAK AND IRRATIONAL COMPOSITION OF PRODUCTIVE INVESTMENT IN GREECE" PLACED ON SOUND BASIS. CONSIDERING, ZOLOTAS ADDED, GREECE WILL SOON BECOME FULL-FLEDGED MEMBER EEC, ESTABLISHMENT OF EXPORT-ORIENTED PROJECTS SHOULD CONSTITUTE ONE OF MAIN TARGETS OF UNCLASSIFIED

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COUNTRY'S ECONOMIC POLICY IN THE YEARS TO COME.
KUBISCH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, FOREIGN INVESTMENT, SHIPYARDS, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ATHENS08069
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740322-0811
From: ATHENS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741160/aaaabzfb.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: (A) ATHENS 4521; (B) ATHENS 7975; (C,) ATHENS 1754
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by chicheje>; APPROVED <12 FEB 2003 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW MAJOR INVESTMENT PROJECTS ANNOUNCED.
TAGS: EIND, EINV, EMIN, ETRD, BEXP, GR, (ZOLOTAS, XENOPHON)
To: STATE COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005